

Message Text

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R 231905Z APR 74

FM SECSTATE WASHDC

TO AMEMBASSY GABORONE

UNCLAS STATE 082391

FOR ALBERT KELLY, OPIC CATTLE CONSULTANT

FOL REPEAT TUNIS 02325 SENT ACTION SECSTATE

APR 19

QTE

UNCLAS TUNIS 2325

DEPT PASS OPIC

DEPT FOR AF/N MACK

E.O. 11652: N/A

TAGS: EAGR, TS

SUBJECT: US INVESTMENT IN TUNISIAN CATTLE INDUSTRY

REF: STATE 076346

1. AS NOTED DURING TUNIS VISIT OF OPIC PRESIDENT MAYS
(TUNIS 1878 AND A-51) GOT PRIMARILY INTEREST IN US
INVESTMENT TO EXPAND AND INCREASE QUALITY OF TUNISIAN
BEEF PRODUCTION, BOTH FOR LOCAL MARKET AND FOR EXPORT,
TUNISIANS WOULD LIKE US PARTICIPATION IN INTEGRATED
PROJECT INCLUDING PRODUCTION OF 5,000/10,000 CALVES PER
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YEAR, FEED LOT AND FATTENING OPERATION, FEED GRAIN PLANT

USING LOCALLY GROWN OR IMPORTED PRODUCT, MEAT PROCESSING AND MARKETING AND, POSSIBLY, LEATHER TANNERY. TUNISIANS PROBABLY ALSO RECEPTIVE TO US PARTICIPATION IN ANY OF THESE ACTIVITIES SEPARATELY.

2. GOT APPEARS TO EXPECT THAT US INVESTOR WOULD ENGAGE IN JOINT VENTURE WITH TUNISIAN PARTNER, BUT IS PREPARED TO GIVE US FIRM MANAGEMENT CONTROL. GROWING OF BOTH LIVESTOCK AND FEED GRAINS PROBABLY TO BE KEPT IN TUNISIAN HANDS SINCE AGRICULTURAL LAND CANNOT BE OWNED OR LEASED BY FOREIGNERS. PROJECT WOULD HAVE TO RELY ON SUPPLY OF CALVES AND LOCALLY GROWN FEED GRAIN THROUGH PURCHASE CONTRACTS, BUT GOT MIGHT AGREE TO SUPPLEMENTARY MANAGEMENT CONTRACTS OR OTHER ARRANGEMENTS TO GUARANTEE AVAILABILITY. GOT MAY BE RECEPTIVE -- AT LEAST INITIALLY-- TO IMPORT OF CATTLE FOR FEED LOT FATTENING FOR EXPORT OF MEAT.

3. POTENTIAL PROBLEMS RESULTING FROM GOT CONTROLS OVER PRICES OF FEED GRAINS AND MEAT FOR LOCAL MARKET COULD BE OVERCOME IF PROJECT SUFFICIENTLY ATTRACTIVE TO INDUCE GOT TO CHANGE ITS PRICE CONTROL POLICIES OR IF COMPANY ENGAGED ONLY IN EXPORT OF MEAT BASED ON IMPORTED FEED GRAINS. AT PRESENT, GOT FEED GRAIN PLANT SELLS FEED AT SUBSIDIZED PRICES WHICH GOT UNWILLING EXTEND TO PRIVATE SECTOR. LOCAL PRICES OF MEAT KEPT TOO LOW TO ENCOURAGE GREATER PRODUCTION OR HIGHER QUALITY. THERE MAY BE PROBLEM OF EUROPEAN SANITARY RESTRICTIONS ON IMPORTS OF TUNISIAN FRESH BEEF, IN WHICH CASE MEAT WOULD HAVE TO BE EXPORTED TO NEAR EAST OR AFRICAN STATES OR CANNED OR OTHERWISE PROCESSED FOR EXPORT TO EUROPE.

4. SEVERAL PRIVATE TUNISIAN BUSINESSMEN INTERESTED IN PARTICIPATION IN BUILDING OF FEED GRAIN PLANT IF PRICE PROBLEM CAN BE OVERCOME. TUNISIAN PRIVATE AND PUBLIC INTERESTS ALSO PREPARED HELP FINANCE AND PARTICIPATE IN JOINT VENTURE WITH US COMPANIES FOR ALL OR SOME OTHER ELEMENTS OF PROJECT.

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